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Message Text

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ACTION AF-04

INFO OCT-01 SS-14 ISO-00 EUR-08 EB-03 NSC-05 NSCE-00 INR-05

CIAE-00 DODE-00 TRSE-00 /040 W
---------- 040662
R 100745Z NOV 76
FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC 453

C O N F I D E N T I A L KINSHASA 9420

LIMDIS

FOR AF/C

E.O. 11652: GDS 12/31/82
TAGS: ETEL, CG
SUBJECT: MOBUTU AGREES TO FRENCH GROUND STATION COMMUNICATIONS SYSTEM

REF: (A) STATE 269904; (B) STATE 081852; (C) STATE 036307; (D) KINSHASA 644

1. FRENCH EMBASSY SOURCES HAVE CONFIRMED THAT PRESIDENT MOBUTU SIGNED CONTRACT WITH CSF-THOMSON FOR THE ERECTION OF A COMMUNICATIONS SYSTEM IN ZAIRE. ON OCTOBER 22, 1976, PRESIDENT MOBUTU STOPPED IN PARIS FOR TALKS WITH GISCARD D'ESTAING AND APPARENTLY SIGNED THE AGREEMENT DURING HIS VISIT TO THE ELYSEE.

2. TOTAL COST OF THE PROJECT IS ESTIMATED IN THE NEIGHBORHOOD OF $85 MILLION. THE FRENCH TREASURY WILL PROVIDE ABOUT $12 MILLION IN A 20-YEAR LOAN AT 3.5 PER CENT INTEREST WITH A FOUR-YEAR GRACE PERIOD. FOR THE REST, THE BANK OF FRANCE, GUARANTEED BY COFACE, WILL PAY THE FRENCH SUPPLIER AND WILL IN TURN BE REIMBURSED BY THE GOZ OVER AN EIGHT-YEAR PERIOD.

3. REFTELS RECOUNT THE STRUGGLE BETWEEN ITT AND CSF-THOMSON FOR THIS AGREEMENT. APPARENTLY THE MORE EXPENSIVE FRENCH SYSTEM HAS WON, THANKS TO GENEROUS FRENCH FINANCING PROVIDED THE CONFIDENTIAL

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FIRM HEADED BY THE FRENCH PRESIDENT'S BROTHER.

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4. AMBASSADOR AND DCM DISCUSSED SUBJECT WITH BOFOSSA AND SAMBWA SEPARATELY. THEY CONFIRMED THAT AGREEMENT HAS BEEN SIGNED. BOTH WERE FULLY AWARE OF (A) UNDESIRABILITY OF SIGNING FRENCH PROJECT, PARTICULARLY CONSIDERING GOZ'S ACUTE FINANCIAL DIFFICULTIES, AND (B) RELATIVE MERITS OF ITT PROPOSAL OVER FRENCH. THEY HAVE BOTH INDICATED THAT THEY WOULD TRY TO FIND WAYS TO UNDO THIS CONTRACT (BOFOSSA AND SAMBWA'S COMMENTS MUST BE HELD CLOSELY).

5. AS DEPT IS AWARE, WE WERE SUCCESSFUL ON A PREVIOUS OCCASION IN BLOCKING THIS PROJECT. HOWEVER, IN VIEW OF THE FACT THAT MOBUTU HAS ALREADY AGREED AND THAT FRENCH INTEREST AND SUPPORT FOR THIS PROJECT IS AT VERY HIGH LEVEL (GISCARD HAS TAKEN A PERSONAL INTEREST; HIS BROTHER IS PRESIDENT OF THE COMPANY; NEBOT, OF PARIS CLUB, CONDUCTED NEGOTIATIONS AND IS NOW MEMBER OF THAT COMPANY), WE BELIEVE THAT IT MAY BE NECESSARY FOR THE IMF TO WEIGH IN WITH THE GOZ/FRENCH AT THE RIGHT TIME IF THIS PROJECT IS TO BE BLOCKED. THIS UNDERLINES THE CRITICAL IMPORTANCE OF THE ADOPTION OF THE CITIBANK PROPOSAL IN THE PRIVATE DEBT NEGOTIATIONS, SINCE THE IMF CONDITIONS ATTACHED THERETO WILL BE THE KIND OF HANDLE NEEDED TO DISCOURAGE NON-PRIORITY PROJECTS.

6. WE ARE CONSIDERING VARIOUS TACTICS DESIGNED TO STOP DOMSAT CONTRACT, AND WOULD APPRECIATE DEPARTMENT'S THOUGHTS IN THIS REGARD. UNDER NO CIRCUMSTANCES SHOULD WE MOVE PRECIPITOUSLY.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SCIENTIFIC COOPERATION, AGREEMENTS, TRACKING STATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 NOV 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KINSHA09420
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760418-0702
From: KINSHASA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761163/aaaaccma.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 76 STATE 269904, 76 STATE 81852, 76 STATE 36307, 76 KINSHASA 644
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 27 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 APR 2004 by hartledg>; APPROVED <18 OCT 2004 by ElyME>
Review Markings:

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US Department of State
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04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MOBUTU AGREES TO FRENCH GROUND STATION COMMUNICATIONS SYSTEM
TAGS: ETEL, CG, FR
To: STATE
Type: TE
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